

Message Text

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FM AMEMBASSY WARSAW

TO SECSTATE WASHDC IMMEDIATE 5461

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PASS TREASURY FOR CHIDO

E.O. 11652: N/A

TAGS: AFIN, ABUD, PL

SUBJECT: TRAVEL ACCOUNT

REF: STATE 133582

1. IN TWO-HOUR MEETING AT MINISTRY OF FINANCE TUESDAY AFTERNOON, WHITENER WITH MANION AND EMBASSY OFFICER CONTINUED WITH HERMANOWSKA WASHINGTON DISCUSSION OF TRAVEL FUND AGAIN PRESENTING USG VIEW THAT, IN ACCORD WITH TRAVEL AGREEMTN, DOLLARS 447,180.75 (DOLLARS 308,587.59 BALANCE IN FUND AS OF DEC. 31, 1974 AND DOLLARS 138,593.16 ADJUSTMENT IN MARCH 1 REDEMPTION) SHOULD BE RETROACTIVELY ADDED TO THE MARCH 1, 1975, TRANCHE FOR REDEMPTION UNDER SURPLUS AGRI-CULTURAL COMMODITIES AGREEMENT OF FEBRUARY 15, 1958. REQUEST FOR DOLLARS 500,000 SUPPLEMENT TO ORIGINAL ESTIMATE DOLLARS 600,000 FOR ZLOTY TRAVEL FUND REQUIREMENTS CY 1975 ALSO PRESSED.

2 HERMANOWSKA COMMENTED ON ANOMALY USG REQUESTING ADDITIONAL DOLLARS 500,000 FOR FUND WHILE ALSO REQUESTING DOLLAR PAYMENT FOR TRAVEL-FUND BALANCE OF APPROXIMATELY SAME AMOUNT. WHITENER REPLIED USG WAS ADHERING METICULOUSLY TO TERMS TRAVEL AGREEMTN, AND CONCEDED FRANKLY ISSUE WAS TIMING USG COMPENSATION GOP FOR CURRENT YEAR
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TRAVEL-FUND REQUIREMENTS THROUGH DEDUCTION FROM ZLOTY

TRANCHES DUE FOR REDEMPTION IN DOLLARS.

3. HERMANOWSKA ADMITTED GOP HAD "PHYSICAL" CAPABILITY OF PROVIDING DOLLARS 447,180.75 RETROACTIVELY TO THE MARCH 1 TRANCHE, BUT SUGGESTED APPROPRIATENESS RECIPROCAL USG ACTION TO RETROACTIVELY ADJUST DOLLAR REDEMPTION OF JANUARY 1975 TRANCHE TO COVER INCREASED CY 1975 REQUIREMENT OF DOLLARS 500,000. WHITENER RESPONDED LATER ACTION NOT IN ACCORD WITH TRAVEL AGREEMENT AND REPRESENTED RETROACTIVE REMOVAL OF DOLLARS COVERED INTO US TREASURY PROHIBITED UNDER U.S. CONSTITUTION EXCEPT FOR REFUND TO ADJUST ERROR.

4. POLISH REPRESENTATIVE THEN PROPOSED THAT THE DOLLARS 500,000 SUPPLEMENT BE OFFSET AGAINST THE DOLLARS 2,170,000 TRANCHE SCHEDULED FOR REDEMPTION ON JUNE 1, 1975, BUT NOT YET PAID. UPON QUESTIONING BY WHITENER, HERMANOWSKA FURTHER PROPOSED THAT IF THE USG COULD AGREE TO THE FORMER, GOP WOULD EFFECT PAYMENT OF DOLLARS 447,180.75 RETROACTIVE TO MARCH 1, 1975, TRANCHE. SHE MADE AN ALL-OUT PLEA FOR EXERCISE OPTION PARA 2 TRAVEL AGREEMENT TO ADJUST BALANCES FOR DOLLARS 500,000 SUPPLEMENT "AS REQUIRED BETWEEN THE TWO GOVERNMENTS" IN LIEU OF THE PROVISION FOR ADJUSTING AGAINST THE MARCH 1 TRANCHE OF THE FOLLOWING YEAR.

5. NUMEROUS CONSIDERATIONS SUPPORT THE EQUITY AND REASONABLENESS OF USG AGREEMENT TO PROPOSAL IN PARA 4 ABOVE:

A. THE EMBASSY RECEIVED ABOUT DECEMBER 18 OF LAST YEAR DELAYED TRAVEL BILLINGS FROM LOT TOTALING MORE THAN DOLLARS 300,000 DATING BACK TO JUNE. HAD IT BEEN POSSIBLE TO PAY THESE BEFORE JANUARY 1, THERE WOULD HAVE BEEN NO BALANCE IN FUND AND WE WOULD NOT BE SEEKING DOLLAR PAYMENT FOR RESIDUE DOLLARS 308,587.59. NORMALLY, THE EMBASSY EFFECTS PAYMENT WITHIN A WEEK. BECAUSE OF AGGREGATE BILLING, HOLIDAY SEASON, AND NO PARTICULAR AWARENESS OF URGENCY, PAYMENT WAS NOT MADE UNTIL AFTER JANUARY.1.

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B. ORIGINAL ESTIMATE DOLLARS 600,000 TRAVEL REQUIREMENTS CY 1975 BASED DIRECTLY ON CY 1974 ACTUAL EXPENDITURES. THE ESTIMATE WAS NOT ADJUSTED FOR LARGE AMOUNT EMBASSY UNPAID BILLINGS CARRIED OVER NEW YEAR, NOR FOR ANNUALIZATION THIS AMOUNT. HAD THIS BEEN DONE, THE ESTIMATED REQUIREMENT WOULD HAVE BEEN ADEQUATE FOR THE YEAR, AND THE REQUEST FOR DOLLARS 500,000 SU)!0_HT*M !K-FUV,Q4MW F*0<,!KE'QG@K,8(@D;QY705 _PK92&QZ!(P5#\$R+Y70=WT(\$BC4D)EP! ";\$!KPU*2=B438H!Y5*2)

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